

September 2002



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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Real gross domestic product (GDP) grew by an annualized rate of 3 percent the first half of this year, however, it will fall considerably short of that in the second half of the year, according to Economy.com. Since the national economy started creating net jobs in March, only 162,000 jobs have been added, while over 100,000 net new jobs must be created each month to maintain a stable

unemployment rate.

The August 2002 unemployment rate for North Dakota was 3.0 percent, up from last years August rate of 2.6 percent, and down from last months rate of 3.2 percent. North Dakota continues to have one of the lowest unemployment rates in the nation. The national unemployment rate for August was 5.7 percent.

The Office of Management and Budget is in the process of conducting agency budget hearings, and working on the Governor's budget. The Advisory Council on Revenue Forecasting is scheduled to Meet October 17 to discuss North Dakota's economy in relation to the upcoming revenue forecast.

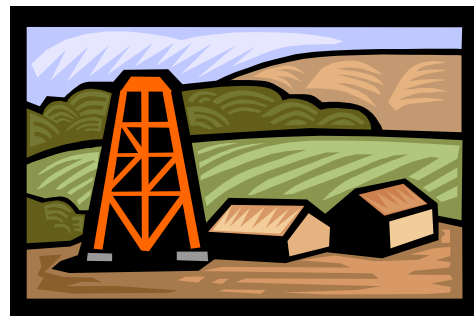
Comments or Questions???

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Oil Activity

Oil production in July was 83,504 barrels per day, slightly down from June's production of 83,848 barrels per day. The current price of oil in North Dakota is in the range of \$25 per barrel. We have 12 oil rigs drilling now compared to 19 one year ago.



STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to July 2002 Preliminary Forecast
2001-03 BIENNIUM
AUGUST 2002

REVENUES AND TRANSFERS	July 2002 Preliminary Forecast	FISCAL MONTH			July 2002 Preliminary Forecast	BIENNIUM TO DATE		
		Actual	Variance	Percent		Actual	Variance	Percent
Sales Tax	31,942,000.00	\$ 26,044,884.81	\$ (5,897,115.19)	-18.5%	\$ 371,192,748.00	\$ 370,528,206.46	\$ (664,541.54)	-0.2%
Motor Vehicle Excise Tax	5,233,000.00	5,582,246.02	349,246.02	6.7%	70,668,256.00	71,241,954.68	573,698.68	0.8%
Individual Income Tax	14,702,000.00	14,687,492.53	(14,507.47)	-0.1%	229,437,355.00	231,991,721.63	2,554,366.63	1.1%
Corporate Income Tax		17,640.01	17,640.01	100.0%	41,840,973.00	41,424,839.54	(416,133.46)	-1.0%
Insurance Premium Tax	1,532,000.00	1,909,008.18	377,008.18	24.6%	24,832,682.00	25,256,212.12	423,530.12	1.7%
Financial Institutions Tax		541.00	541.00	100.0%	2,501,892.00	2,972,386.04	470,494.04	18.8%
Oil & Gas Production Tax	1,495,000.00	1,176,062.49	(318,937.51)	-21.3%	22,938,849.00	23,912,318.46	973,469.46	4.2%
Gaming Tax	1,800,000.00	2,159,145.77	359,145.77	20.0%	15,088,000.00	16,358,881.95	1,270,881.95	8.4%
Interest Income	278,000.00	234,673.04	(43,326.96)	-15.6%	6,144,000.00	5,847,828.69	(296,171.31)	-4.8%
Oil Extraction Tax	1,027,000.00	945,291.80	(81,708.20)	-8.0%	12,671,638.00	12,442,684.18	(228,953.82)	-1.8%
Cigarette & Tobacco Tax	1,813,000.00	1,829,066.51	16,066.51	0.9%	23,770,046.00	23,706,783.53	(63,262.47)	-0.3%
Departmental Collections	1,300,000.00	1,001,600.16	(298,399.84)	-23.0%	36,097,050.00	38,740,992.55	2,643,942.55	7.3%
Wholesale Liquor Tax	499,282.00	537,593.23	38,311.23	7.7%	6,581,343.00	6,569,670.47	(11,672.53)	-0.2%
Coal Conversion Tax	1,994,000.00	2,025,145.55	31,145.55	1.6%	27,367,821.00	27,255,821.63	(111,999.37)	-0.4%
Mineral Leasing Fees	300,000.00	501,703.75	201,703.75	67.2%	3,146,000.00	3,967,201.22	821,201.22	26.1%
Bank of North Dakota-Transfer					30,000,000.00	30,000,000.00		0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	852,120.00	852,120.00	-	0.0%
Other Transfers		(14,459.00)	(14,459.00)	100.0%	70,850.00	70,850.31	0.31	100.0%
Total Revenues and Transfers	63,915,282.00	58,637,635.85	(5,277,646.15)	-8.3%	925,201,623.00	933,140,473.46	7,938,850.46	0.9%

**COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
AUGUST 2002**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	August 2000	August 2002	Variance	Percent	1999-01	2001-03	Variance	Percent
Sales Tax	\$ 31,762,348.36	\$ 26,044,884.81	\$ (5,717,463.55)	-18.0%	\$ 358,346,497.40	\$ 370,528,206.46	\$ 12,181,709.06	3.4%
Motor Vehicle Excise Tax	5,682,322.89	5,582,246.02	(100,076.87)	-1.8%	64,944,070.63	71,241,954.68	6,297,884.05	9.7%
Individual Income Tax	12,867,991.06	14,687,492.53	1,819,501.47	14.1%	229,345,227.45	231,991,721.63	2,646,494.18	1.2%
Corporate Income Tax	759,023.68	17,640.01	(741,383.67)	-97.7%	49,991,058.13	41,424,839.54	(8,566,218.59)	-17.1%
Insurance Premium Tax	2,003,372.18	1,909,008.18	(94,364.00)	-4.7%	21,297,832.17	25,256,212.12	3,958,379.95	18.6%
Financial Insitutions Tax	14.00	541.00	527.00	1773.2%	2,382,454.16	2,972,386.04	589,931.88	24.8%
Oil & Gas Production Tax	1,381,087.33	1,176,062.49	(205,024.84)	-14.8%	25,137,745.40	23,912,318.46	(1,225,426.94)	-4.9%
Gaming Tax	2,125,674.63	2,159,145.77	33,471.14	1.6%	16,045,633.85	16,358,881.95	313,248.10	2.0%
Interest Income	912,374.62	234,673.04	(677,701.58)	-74.3%	10,574,369.35	5,847,828.69	(4,726,540.66)	-44.7%
Oil Extraction Tax	1,316,920.06	945,291.80	(371,628.26)	-28.2%	15,383,493.38	12,442,684.18	(2,940,809.20)	-19.1%
Cigarette & Tobacco Tax	1,884,074.65	1,829,066.51	(55,008.14)	-2.9%	25,027,449.06	23,706,783.53	(1,320,665.53)	-5.3%
Departmental Collections	1,235,564.75	1,001,600.16	(233,964.59)	-18.9%	23,300,985.59	38,740,992.55	15,440,006.96	66.3%
Wholesale Liquor Tax	471,705.68	537,593.23	65,887.55	14.0%	5,903,491.02	6,569,670.47	666,179.45	11.3%
Coal Severance Tax	979,089.76	0.00	(979,089.76)	-100.0%	13,050,255.40	775,793.99	(12,274,461.41)	-94.1%
Coal Conversion Tax	1,113,532.87	2,025,145.55	911,612.68	81.9%	14,603,289.74	26,480,027.64	11,876,737.90	81.3%
Mineral Leasing Fees	405,808.10	501,703.75	95,895.65	23.6%	4,407,379.15	3,967,201.22	(440,177.93)	-10.0%
Bank of North Dakota-Transfer					15,000,000.00	30,000,000.00	15,000,000.00	100.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	862,880.00	852,120.00	(10,760.00)	-1.2%
Other Transfers	197,714.00	(14,459.00)	(212,173.00)	-107.3%	2,056,365.23	70,850.31	1,985,514.92	96.6%
Total Revenues and Transfers	65,098,618.62	58,637,635.85	(6,460,982.77)	-9.9%	897,660,477.11	933,140,473.46	35,479,996.35	4.0%

Revenue Variances

The following comments are based on the August revenue collections compared to the July 2002 preliminary revenue forecast.

Sales tax collections fell below forecast in August by \$5.9 million or 18.5 percent. Some of this shortfall may be due to timing. A portion of the drop in sales tax receipts for August was anticipated because of the strength in July collections. Biennium-to-date revenues are now lagging the preliminary revenue forecast by \$664,542 or 0.2 percent.

Motor vehicle sales exceeded monthly projections by \$349,246 or 6.7 percent, which brings biennium-to-date collections to \$573,699 or 0.8 percent ahead of projections.

Individual income tax collections fell only slightly behind projections for the month, which results in biennium-to-date collections exceeding projections by \$2.6 million or 1.1 percent.

Because of the large corporate refunds expected next quarter, the assumption was made for cash-flow purposes that collections for the first three months of the fiscal year would go into the refund reserve account. Gross corporate income tax collections for August were \$1,3017,640. Of which \$1.3 million was transferred into the refund reserve account and the remaining \$17,640 is reported as revenue for the month.

Insurance premium tax collections exceeded monthly projections by \$377,008 or 24.6 percent. Biennium-to-date collections are \$423,530 or 1.7 percent ahead of projections.

Oil and gas production tax collections fell short of projections by \$318,938 while collections for oil extraction taxes lagged projections by \$81,708.

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